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Informal briefing on outcomes of the 19<sup>th</sup> Session of UN Committee of Experts on International  
Cooperation in Tax Matters  
New York, 23 October 2019, 3-4PM

Thank you for joining this informal briefing on highlights and outcomes of the 19<sup>th</sup> Session of the UN Committee of Experts on International Tax Cooperation in Tax Matters.

I have the honour to brief you on behalf of the Committee, which held its second session of 2019 in Geneva, from 15 to 18 October.

*Background on the Committee, its subcommittees and sessions*

The Committee is one of the most influential UN expert bodies. It brings global recognition to the United Nations as one of the two major norm- and policy-developing bodies on tax, the other being the OECD.

The Committee reviews and regularly updates its major products, starting with: (1) the UN Model Double Taxation Convention between Developed and Developing Countries; (2) the Manual for the Negotiation of Bilateral Tax Treaties between Developed and Developing Countries; (3) the Manual on Transfer Pricing; and (4) the Handbook on Taxation of the Extractives Industries by Developing Countries. It probes how new and emerging issues could affect international tax cooperation and develops assessments, commentmew T29.957 -1.315 Td(s)-7.2 (pe)-1 (c)-9.9 (i)-8 (f)7.7 (i)-8 (c)-9.9 (a)11.7 (l)-8 (l)2.9 (y

The UN Model is widely drawn upon by developing countries in their tax treaties.

The Committee agreed to work on a number of key issues that would lead to the update of several Articles of the Model: (1) to provide guidance on the application of tax treaties to foreign collective investment; (2) to clarify the meaning of the treaty expression “beneficial owner”; and (3) to work on a treaty provision that would allow source taxation of capital gains on Offshore Indirect Transfers.

*Tax consequences of the digitalized economy*

Increasing digitalization of the economy heightens the challenges and opportunities faced by tax

Transfer Pricing Capability at Country Level, responding to developing country requests for further guidance.

### *Update to Handbook on Selected Issues for Taxation of the Extractive Industries by Developing Countries.*

As part of its effort to continuously improve the quality of its guidance and responsiveness to changing contexts and country needs, the Committee is updating its Handbook on Extractive Industries Taxation Issues for Developing Countries. In Geneva, the Committee reviewed the draft chapter on tax incentives in the extractive industries, an important issue of focus for many developing countries.

### *Handbook on environmental taxation*

The Committee reviewed a draft chapter on the design of carbon taxation. This is at the core of what will be a new Handbook on environmental taxation focusing in its first volume on carbon taxation. The Committee agreed that a carbon tax is a cost, albeit necessary and beneficial in the long run. This in turn necessitates better communication and sensitization from policymakers, to make sure the population understands the benefits of a carbon tax and the costs of not acting to address climate change.

### *Tax treatment of ODA projects*

A subcommittee is working on finalizing updated guidelines for the tax treatment of ODA projects, which seek to reduce the negative effects of tax exemptions often required by donors on projects funded in developing countries. The subcommittee includes participation by the UN Secretariat's counterparts in the Platform for Collaboration on Tax, namely the IMF, OECD and World Bank. The Committee is leading the work in this area and is ensuring coordination with work done at the OECD Development Assistance Committee.

### *Tax, trade and investment treaties*

The Committee discussed the relationship between investment and tax treaties, with the view to achieving a whole-of-government approach on these issues, and the need to address how tax and investment agreements fit together as part of the investment framework. As a next step, the Committee tasked the secretariat to produce a new paper on the issue with the collaboration of UNCTAD and the Vienna University of Economics and Business, and liaising with OECD tax experts.

### *Tax and the SDGs*

In an effort to further align its work with, and support implementation of, the 2030 and Addis Ababa Agendas, the Committee discussed the nexus between tax and the SDGs.



